

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	CASE NO.
FILING OF KENTUCKY FRONTIER GAS,)	2018-00232
LLC)	

ORDER

On July 2, 2018, Kentucky Frontier Gas, LLC (Frontier) filed its Gas Cost Recovery (GCR) rate application for rates effective August 1, 2018. Frontier filed an amended application on July 20, 2018.

Frontier's proposed Expected Gas Cost (EGC) calculation does not include the standard five percent Lost and Unaccounted for gas (L&U) limit. Its amended application reflects L&U for the 12 months ended March 31, 2018, of 9.3 percent. In light of Frontier's past progress in systematically finding and fixing leaks, the Commission has approved a waiver of the five percent L&U limit, and has stated that it could recover L&U of up to 10 percent, but only until November 1, 2018.¹

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Frontier's amended application includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Frontier's amended application sets out an EGC of \$5.6550 per Mcf.
3. Frontier's amended application sets out no Refund Adjustment.

¹ Case No. 2018-00013, *Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC* (Ky. PSC Jan. 30, 2018).

4. Frontier's amended application sets out a current quarter and total Actual Adjustment (AA) of (\$.1572) per Mcf. Frontier did not use the correct EGC in effect for January 2018 and did not divide the total gas costs by the total sales. Correcting this produces a current quarter AA and total AA of \$.0808 per Mcf.

5. Frontier's Balance Adjustment will continue to be unavailable until it files its GCR rate application for rates effective November 1, 2019.

6. Frontier's GCR rate is \$.57358 per Ccf or \$5.7358 per Mcf.

7. Consistent with the Final Order in Case No. 2018-00119,² Frontier should continue to add the following gas cost reconciliation rates to the GCR rates for customers in the indicated service areas:

Frontier: \$.0285 per Mcf

Public: (\$.2334) per Mcf

8. The rates as set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Frontier on and after August 1, 2018. Frontier should separately reflect on each customer's bill the gas cost reconciliation rate applicable to the customer's service area.

9. Frontier's cover letter to its GCR rate application requested that it be permitted to use a two-month reporting period for the purposes of calculating its AA due to a system-wide change from two billing cycles per month to one billing cycle for all customers. In Case No. 2018-00013, the Commission found that the instant application should include the four-month period of January through April 2018 in the calculation of

² Case No. 2018-00119, Purchased Gas Adjustment Filing of Kentucky Frontier Gas, LLC. (Ky. PSC April 12, 2018).

its AA. Because the change being requested here will not impact rates, as actual gas costs for April 2018 will be trued up in Frontier's next GCR rate application, and because the change is for a proper purpose, the Commission finds that the current and total AA calculated in the instant GCR application should use the three-month period of January through March 2018.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Frontier are denied.
2. The rates set forth in the Appendix to this Order are approved for final meter readings by Frontier on and after August 1, 2018.
3. Each customer's bill shall separately reflect the approved gas cost reconciliation rate applicable to the customer's service area.
4. The changes to the calculation of the current and total AA, as discussed in finding paragraph 9, are approved.
5. Within 20 days of the date of entry of this Order, Frontier shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rates approved herein and reflecting that they were approved pursuant to this Order. The individual gas cost reconciliation rates for Frontier and the former Public system shall be included in the compliance tariffs.

By the Commission

ENTERED
JUL 27 2018
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:



Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2018-00232 DATED **JUL 27 2018**

The following rates and charges are prescribed for the customers in the area served by Kentucky Frontier Gas, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$.57358 per Ccf for service rendered on and after August 1, 2018.

For customers in the indicated service areas the following volumetric charges shall be added through April 30, 2019:

Frontier:	\$.00285 per Ccf
Public:	(\$0.02334) per Ccf

*Dennis R Horner
Kentucky Frontier Gas, LLC
2963 KY RT 321
P. O. Box 408
Prestonsburg, KY 41653

*Kentucky Frontier Gas, LLC
4891 Independence Street, Suite 200
Wheat Ridge, CO 80033